

# **EXHIBIT F**

IN THE UNITED STATES DISTRICT COURT  
FOR THE NORTHERN DISTRICT OF CALIFORNIA  
NORTHERN DIVISION

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COPART, INC.,

Plaintiff,

vs.

CRUM & FORSTER INDEMNITY  
COMPANY, UNITED STATES FIRE  
INSURANCE COMPANY, and DOES  
1-10,

Defendants.

No. C072684 CW

**CERTIFIED COPY**

VIDEOTAPED DEPOSITION OF  
MARGARET ELIZABETH HANSEN

THURSDAY, JUNE 12, 2008

REPORTED BY: HOLLY THUMAN, CSR No. 6834, RMR, CRR  
(1-410157)

**M E R R I L L L E G A L S O L U T I O N S**

10:09:21 1 to pursue, that it fits within our underwriting  
10:09:25 2 guidelines and models, we would proceed to rate it  
10:09:30 3 and to determine the price.

10:09:39 4 Q. So just so I understand your clarification,  
10:09:41 5 on a renewal, you're not so likely to go back for  
10:09:44 6 more information as you would with new business?

10:09:47 7 A. Hopefully, no. Hopefully you've developed  
10:09:49 8 the -- on the initial go-around, you have  
10:09:55 9 established the information about the account. On a  
10:09:59 10 renewal, you would be looking for differences,  
10:10:01 11 what's happened in the past year, how the -- how the  
10:10:09 12 renewal information relates to the initial  
10:10:12 13 information provided.

10:10:24 14 Q. Let's focus right now on new business.

10:10:29 15 What's the next step you take after the --  
10:10:34 16 you've analyzed the specifications and you want to  
10:10:36 17 write the policy?

10:10:37 18 A. We would, as I say, come up with a price, a  
10:10:41 19 limit that we wish to provide, what kind of form we  
10:10:46 20 wish to provide, what perils we wish to cover, and  
10:10:51 21 provide a quotation to the producer. An offer.

10:11:10 22 Q. And there are certainly some instances  
10:11:12 23 where, based on the specifications, you don't want  
10:11:15 24 the business at all. Correct?

10:11:16 25 A. Exactly.

10:11:25 1 Q. And in that case, you just wouldn't make a  
10:11:27 2 bid. Correct?  
10:11:28 3 A. We would decline it.  
10:11:44 4 Q. Now, once you make the quote to the  
10:11:48 5 producer, sometimes was there some period of  
10:11:54 6 negotiation regarding the terms?  
10:11:56 7 A. There could be, yes.  
10:12:07 8 Q. And what are the sort of terms that would  
10:12:09 9 be negotiated at that stage?  
10:12:15 10 A. We could negotiate position on the account,  
10:12:20 11 which layer we might want to provide. We could  
10:12:26 12 negotiate price. We could negotiate commission.  
10:12:53 13 Q. It was -- did it often happen that when you  
10:12:56 14 made a bid, or a quote, that the potential insured  
10:13:01 15 took their business elsewhere?  
10:13:04 16 A. Could very well have, yes.  
10:13:16 17 Q. They're certainly not bound to accept your  
10:13:18 18 quote. Correct?  
10:13:19 19 A. Oh, heavens no.  
10:13:29 20 Q. Let's look at -- let's mark this as  
10:13:31 21 Exhibit 152.  
10:13:33 22 (Deposition Exhibit 152 was marked for  
10:13:35 23 identification.)  
10:13:47 24 MR. LARSON: Q. I have marked as  
10:13:48 25 Exhibit 152 the Specifications of Insurance for

10:33:29 1 may or may not have reviewed it.

10:33:42 2 Q. Was there some sort of criteria by which  
10:33:44 3 you decided whether or not to review a binder?

10:33:49 4 A. No.

10:34:04 5 Q. Is the purpose of a binder to state the  
10:34:06 6 essential terms of coverage until such time as the  
10:34:08 7 policy is issued?

10:34:10 8 A. Yes.

10:34:18 9 Q. And the premium on the policy was \$250,000.  
10:34:23 10 Is that correct?

10:34:23 11 A. Yes.

10:34:29 12 Q. How was that amount arrived at?

10:34:34 13 A. It's arrived at by the underwriter by  
10:34:37 14 pricing the account in accordance with the standard  
10:34:42 15 methodologies used at the time at Crum & Forster,  
10:34:46 16 along with some negotiations to arrive at something  
10:34:51 17 that is mutually agreeable to all parties.

10:35:05 18 Q. So it's a negotiated amount?

10:35:06 19 A. Yes.

10:35:09 20 Q. And what are the factors from Crum &  
10:35:11 21 Forster's perspective that go into that amount?

10:35:16 22 A. The factors would be the type of property  
10:35:23 23 we would be covering, where it's located, the  
10:35:28 24 physical characteristics of it, the deductibles that  
10:35:31 25 would be applied, the specific perils that are being

11:20:31 1 not in others.

11:20:35 2 Q. Did you ever do it at Crum & Forster?

11:20:38 3 A. I don't recall.

11:20:51 4 Q. Do you ever require in the course of your

11:20:53 5 underwriting experience signed statements of values?

11:20:56 6 A. Yes.

11:20:59 7 Q. And what is the purpose of a signed

11:21:01 8 statement of values?

11:21:04 9 A. It signifies that the insured has agreed --

11:21:11 10 has acknowledged that these are the values that they

11:21:14 11 wish to have covered under the policy.

11:21:24 12 Q. And had you ever required signed statement

11:21:26 13 of values while working at Crum & Forster?

11:21:30 14 A. I can't recall.

11:21:40 15 Q. Out of all the statement of values you've

11:21:44 16 received over your career, can you give me a

11:21:48 17 ballpark percentage of how many were signed?

11:21:57 18 A. Maybe 75 percent. That's very ballpark.

11:22:11 19 Q. In the course of your underwriting

11:22:12 20 experience, do you ever include in the policy

11:22:18 21 language by which the insured warrants that the

11:22:20 22 values in the statement of values are true and

11:22:23 23 correct, or words to that effect?

11:22:28 24 A. I don't recall.

11:22:40 25 Q. And going beyond my question that just used

11:22:43 1 the word "warrant," do you recall using any sort of  
11:22:47 2 language where the insured would guarantee or  
11:22:49 3 promise that the numbers in the statement of --

11:22:53 4 A. No.

11:22:55 5 Q. -- values were correct?

11:23:11 6 Did you understand the values numbers in  
11:23:14 7 the Copart statement -- statements of values to be  
11:23:19 8 reasonable estimates of the replacement costs of the  
11:23:22 9 properties?

11:23:23 10 A. I don't recall.

11:23:23 11 MR. RUBY: Objection. That calls for  
11:23:25 12 speculation. The witness hasn't said she ever saw  
11:23:29 13 them.

11:23:33 14 MR. LARSON: Q. Did you ever look at a  
11:23:34 15 Copart statement of values?

11:23:36 16 A. I don't recall.

11:23:52 17 Q. In your experience, prior to issuing a  
11:23:57 18 binder on a report policy, have you had property  
11:24:01 19 appraised?

11:24:05 20 A. No.

11:24:12 21 Q. Have you ever had a property inspected  
11:24:14 22 before binding a policy?

11:24:18 23 A. Possibly.

11:24:31 24 Q. Have you ever asked to review backup  
11:24:33 25 documents that would show, or back up, the value of

11:28:02 1 Q. Did Crum & Forster or USFIC ever give Marsh  
11:28:10 2 instructions as to how the values should be  
11:28:15 3 determined that were to be placed in the statement  
11:28:17 4 of values?

11:28:18 5 A. No.

11:28:21 6 Q. Did Crum & Forster or USFIC ever give  
11:28:25 7 instructions to an insured as to how the values  
11:28:31 8 should be determined that are placed in the  
11:28:32 9 statement of values?

11:28:33 10 A. No.

11:29:26 11 MR. LARSON: I'd like to mark this as 164.  
11:29:28 12 (Deposition Exhibit 164 was marked for  
11:29:31 13 identification.)

11:29:45 14 MR. LARSON: Q. I've marked as Exhibit 164  
11:29:46 15 a letter from you to Copart dated June 22, 2005.  
11:29:56 16 I'd like you to take a look at it and confirm for me  
11:29:59 17 that this is a letter you wrote.

11:30:11 18 A. Yes.

11:30:12 19 Q. And can you tell me what the purpose of  
11:30:13 20 this letter is?

11:30:14 21 A. The purpose is -- excuse me.

11:30:16 22 The purpose of the letter, -- and this is a  
11:30:18 23 form letter we sent out on every expiring policy,  
11:30:23 24 because we are an admitted -- we were an admitted  
11:30:26 25 carrier -- was to advise the insured that we would



13:04:48 1 operations manager or to the managers of the  
13:04:50 2 departments in which they worked. So --

13:04:52 3 Q. So is this purely an administrative email  
13:04:54 4 just to get a policy number?

13:04:56 5 A. Right. Yes, it is.

13:04:58 6 Q. When you refer to the premium of \$306,250  
13:05:04 7 net, what does the "net" refer to?

13:05:07 8 A. The "net" refers to the difference between  
13:05:12 9 the gross premium at a commission level, and with a  
13:05:15 10 premium at zero commission. It would mean just  
13:05:18 11 taking the commission amount out of the premium.

13:05:27 12 Q. The premium on this policy was 350,000  
13:05:30 13 minus the commission. Correct?

13:05:32 14 A. Correct. I assume, yeah.

13:05:33 15 Q. And that equals a 306,250 --

13:05:36 16 A. That's what I'm assuming here, yes.

13:05:51 17 Q. I'll mark as 170 the next email.

13:05:55 18 (Deposition Exhibit 170 was marked for  
13:05:57 19 identification.)

13:06:13 20 MR. LARSON: Q. I've marked as Exhibit 170  
13:06:15 21 a string of emails beginning late September, early  
13:06:21 22 October, 2005 time frame. You are copied on the  
13:06:28 23 first two, and the one on the second page is  
13:06:32 24 directed to you in response to the email forwarding  
13:06:35 25 the binder that we originally looked at.